

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Columbia Natural Resources LLC)
) VIRGINIA GAS
) AND OIL BOARD
RELIEF SOUGHT: EXCEPTION TO STATEWIDE SPACING)
 LIMITATIONS PRESCRIBED BY VA. CODE) DOCKET NO.
 § 45.1-361.17(a)(2) FOR WELL) 04/03/16-1266
 #825247)
)
LEGAL DESCRIPTION:)
)
)
 DRILLING UNIT SERVED BY WELL NUMBERED)
 825247 TO BE DRILLED IN THE LOCATION)
 DEPICTED ON EXHIBIT A HERETO,)
 Ark Land Company Tract)
 Part of 1418.96 Acre Tract #117)
 Whitesburg QUADRANGLE,)
 Gladeville MAGISTERIAL DISTRICT,)
 Wise COUNTY, VIRGINIA)
 (the "Subject Lands" are more particularly)
 described on Exhibit "A" attached hereto)
 and made a part hereof))

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on March 16, 2004 Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser appeared for the Applicant and Sharon M.B. Pigeon, Assistant Attorney General, was present to advise the Board.
3. Jurisdiction and Notice: Pursuant to Va. Code § 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner having an interest in Subject Drilling Unit underlying and comprised of Subject Lands; (2) has represented to the Board that it has given notice to those parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code § 45.1-361.19 to notice of this application; and (3) that the persons set forth in Exhibit B hereto have been identified by Applicant as owners of Gas interests underlying Subject Drilling Unit, including those who have not heretofore leased, sold or voluntarily agreed with the Applicant

to pool their Gas interests in Subject Drilling Unit. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: None
5. Dismissals: None
6. Relief Requested: Applicant requests (1) an exception to the statewide spacing limitations set forth in Va. Code § 45.1-361.17 for Well No. 825247.
7. Relief Granted: The requested relief in this cause be and hereby is granted. The Board hereby grants Applicant consent to permit and drill proposed Well No. 8825247 2,319.22 feet from existing Well No V-133702(10268) at the locations depicted on the Plat attached hereto;
8. Special Findings: The Board specifically and specially finds:
 - 8.1. Applicant is Columbia Natural Resources, LLC a Delaware Limited Liability Corporation. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
 - 8.2. Applicant Columbia Natural Resources, LLC is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
 - 8.3. Applicant claims ownership of Conventional Gas leases on 100 percent of Subject Drilling Unit and the right to explore for, develop and produce Gas from same, i.e., Well No. 825247.
 - 8.4. The proposed Well 825247 is located on a surface, coal, oil and gas tract consisting of 1,418.96 acres known as Ark Land Company Tract #117, and the surface, coal, gas and oil owner has consented to the proposed location for Well 825247 that is depicted on the Plat attached hereto as Exhibit A;
 - 8.5. The Applicant testified that the granting of the application filed herein will not impact the correlative rights of any person;
 - 8.6. An exception to the well spacing requirements of Va. Code § 45.1-361.17 for Well 825247 is necessary to efficiently drain a portion of the common sources of supply (reservoir) underlying Subject Drilling Unit, and the Board's granting of the requested location exception is in the best interest of preventing the waste of 400 million cubic feet of Conventional Gas underlying Subject Drilling Unit, and to generally effect the purposes of the Virginia Gas and Oil Act;
 - 8.7. Applicant proposes the drilling of Well No. 825247 to a depth of 5,625 feet on the Subject Drilling Unit at the location

depicted in Exhibit A to produce all the Mississippian and Devonian age formations including, but not limited to,

The Salt Sand #1, Salt Sand #2, Salt Sand #3, Salt Sand #4 Maxon, Little Lime, Big Lime, Weir, Berea, Upper Huron, Middle Huron, Lower Huron, and Java from surface to total depth drilled of 5,625 feet (Subject Formations");

8.8. Applicant proposes to drill Well 825247 a distance of 180.78 feet closer to Gas Well V-133702(10268) than the 2500 feet mandated by statewide spacing;

8.9 Applicant proposes to complete and operate Well 825247 for the purpose of producing Conventional Gas;

9 Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.

10. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

11. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

12. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code Ann. § 9-6.14:1 et seq. and Rule 2A of the Rules of the Virginia Supreme Court.

13. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 10th day of December 2004, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler
Chairman, Benny R. Wampler

DONE AND PERFORMED this 14th day of December, 2004, by Order of this Board.

B. R. Wilson
B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 10th day of December 2004, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan L. Harrell
Notary Public

My commission expires: 7-31-06

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 14th day of December 2004, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane G. Davis
Notary Public

My commission expires: 9/30/05

TOTAL UNIT AREA
= 112.69 ACRES

4580'

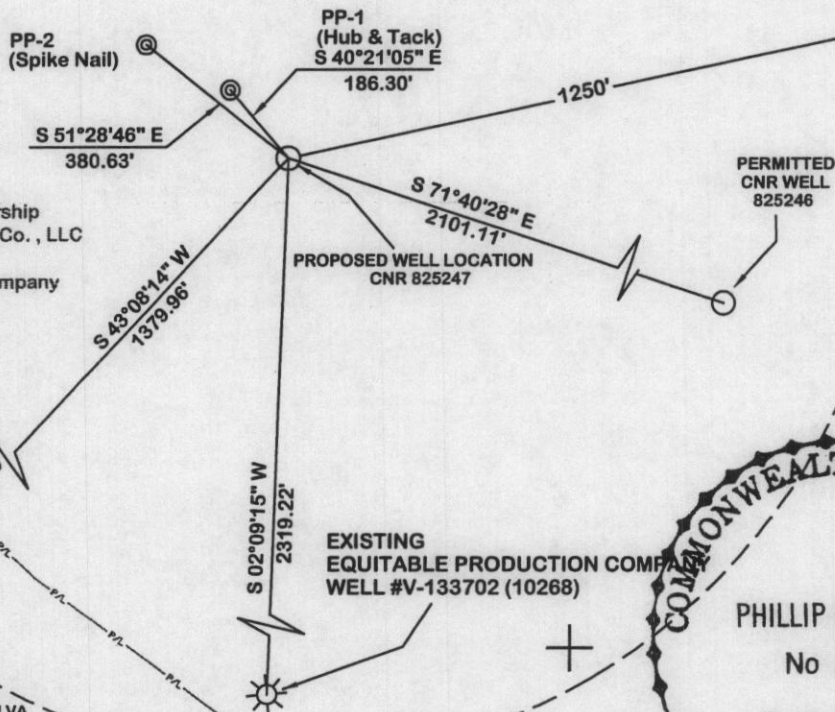
LATITUDE 37°02'30"

LONGITUDE 82°45'00"

UNIT BOUNDARY

NAD 27 KY.
STATE PLANE
SOUTH ZONE
COORDINATES OF
WELL # 825247
N 258383.06
E 2871297.82

P/O 1418.96 ACRE TRACT #117
LEASE NO. 1213708-000
ACIN, LLC. - surface and coal
ARK LAND CO. - oil & gas owner, coal lessee
ARK LAND CO. - 50% Royalty Owner
BLACKWOOD LAND CO. - 50% Royalty Owner
COLUMBIA NATURAL RESOURCES, LLC - Oil & Gas Lessee
CUMBERLAND RIVER COAL CO. - Coal Operator
GAS 100% 112.69 ACRES

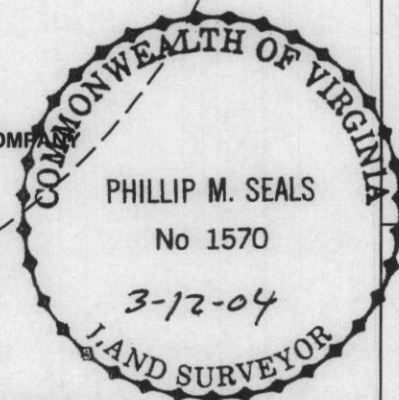


NOTE:

WELL COORDINATES ARE BASED ON PENN VA. MONUMENT "STONEGA 18".

PROPERTY INFORMATION PROVIDED BY COLUMBIA NATURAL RESOURCES.

ELEVATIONS WERE DETERMINED BY GPS & TRIGONOMETRIC METHODS BASED ON PENN VA. MONUMENT "STONEGA 18".



WELL LOCATION PLAT

COMPANY COLUMBIA NATURAL RESOURCES, LLC WELL NAME OR NUMBER CNR 825247
TRACT NO. LEASE NO. 1213708-000 QUADRANGLE WHITESBURG 1954 (Revised 1978)
DISTRICT GLADEVILLE
WELL COORDINATES (VIRGINIA STATE PLANE) N 272759.68 E 754801.13
ELEVATION 2787.67 METHOD USED TO DETERMINE ELEVATION: GPS & TRIG.
COUNTY WISE SCALE: 1" = 400' DATE 3-12-04
THIS PLAT IS A NEW PLAT X ; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT

+ DENOTES THE LOCATION OF A WELL ON UNITED STATES TOPOGRAPHIC MAPS, SCALE 1 TO 24,000, LATITUDE AND LONGITUDE LINES BEING REPRESENTED BY BORDER LINES AS SHOWN.

Phillip M. Seals

LICENSED LAND SURVEYOR

(AFFIX SEAL)

REVISION

EXHIBIT "B"
WELL No. 825247

ACIN, LLC
C/o Western Pocahontas Properties
ATTN: Jeffrey B. Conley
1035 Third Avenue, Suite 300
Huntington, WV 25701

Ark Land Company
ATTN: Mr. David J. Finnerty
City Place One, Suite 300
St. Louis, MO 63141

Cumberland River Coal Company, Inc.
Attn: Mike Rowlands
P.O. Drawer 109
Appalachia, VA 24216

Equitable Production Company
Attn: Sandra K. Fraley
1710 Pennsylvania Avenue
Charleston, WV 25328

Penn Virginia Oil & Gas Corporation
Attn: Jim Harsha
2550 East Stone Drive, Suite 110
Kingsport, TN 37660

Olin Prather Marital Trust
Attn: Bruce Prather, Trustee
P.O. Box 206
Abingdon, VA 24210

Gillespie Company and John Gillespie
Attn: George Williams
P.O. Box 675
Tazwell, VA 24651

R. Hagan Kohler
181 Redondo Way
West Palm Beach, FL 33414

13270'

**NAD 27 KY.
STATE PLANE
SOUTH ZONE
COORDINATES OF
WELL # 825247
N 258383.06
E 2871297.82**

UNIT BOUNDARY

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ARK LAND CO. - 50% Royalty Owner
BLACKWOOD LAND CO. - 50% Royalty Owner
COLUMBIA NATURAL RESOURCES, LLC - Oil & Gas Lessee
CUMBERLAND RIVER COAL CO. - Coal Operator
GAS 100% 112.69 ACRES

PP-2
(Spike Nail)

PP-1
(Hub & Tack)
S 40°21'05" E

S 51°28'46" E
380.63'

Adjoining Mineral Ownership
Penn Virginia Operating Co. , LLC
(Oil & Gas Lessor)
Equitable Production Company
(Oil & Gas Lessee)

PERMITTED
CNR WELL
825246

PROPOSED WELL LOCATION
CNR 825247

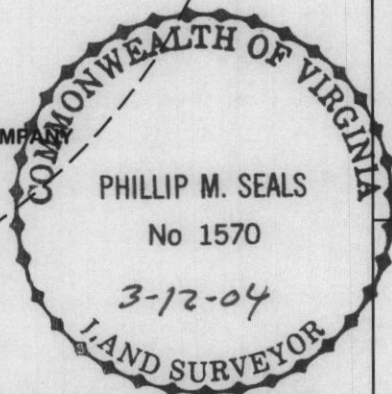
**EXISTING
EQUITABLE PRODUCTION COMPANY
WELL #V-133702 (10268)**

NOTE:

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MONUMENT "STONEGA 18".

PROPERTY INFORMATION PROVIDED BY
COLUMBIA NATURAL RESOURCES.

ELEVATIONS WERE DETERMINED BY GPS & TRIGONOMETRIC METHODS BASED ON PENN VA. MONUMENT "STONEGA 18".



WELL LOCATION PLAT

COMPANY COLUMBIA NATURAL RESOURCES, LLC

WELL NAME OR NUMBER CNR 825247

TRACT NO. _____ LEASE NO. 1213708-000

QUADRANGLE WHITESBURG 1954 (Revised 1978)DISTRICT GLADEVILLE

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ELEVATION 2787.67

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